

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-06 EB-08 NSC-05 TRSE-00
SS-15 STR-04 OMB-01 CEA-01 COME-00 XMB-02 FRB-03
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FM AMEMBASSY BERLIN
TO SECSTATE WASHDC 4245
INFO AMEMBASSY BONN
USMISSION USBERLIN

C O N F I D E N T I A L BERLIN 5445

E.O. 11652: GDS
TAGS: PFOR, EEWT, GE, US
SUBJ: US/GDR COMMERCIAL RELATIONS

REF: STATE 37358

1. LEIPZIG FAIR MARCH 13-20 AND RELATED ACTIVITIES
WILL PUT THE EMBASSY IN CONTACT WITH A WIDE RANGE
OF SENIOR BUSINESS DECISION MAKERS FROM BOTH THE GDR
AND THE US. EXAMPLES ARE PROBABLE PROTOCOLARY
VISITS TO US STANDS BY BEIL, FOREIGN TRADE CHAMBER
PRESIDENT MURGOTT, CONVERSATIONS AT FOREIGN TRADE
MINISTER'S RECEPTION EVENING OF MARCH 13, AND ON THE
US SIDE, EMBASSY INVOLVEMENT WITH FIFTEEN PARTICIPANTS
IN CHASE WORLD INFORMATION SERVICE'S "TRADING WITH
THE GDR" SEMINAR, PLUS MANY OTHER BUSINESSMEN AND
BANKERS WITH WHOM WE ARE LIKELY TO COME INTO CONTACT.

2. IN VIEW OF FORTHCOMING INTENSIVE EXPOSURE OF
BOTH GDR AND US BUSINESS FIGURES TO THE EMBASSY, WE
FEEL IT IMPORTANT THAT WE CONSIDER CAREFULLY WHAT
MESSAGE WE WISH TO CONVEY BOTH TO THE EAST GERMANS
AND TO THAT SECTION OF THE US BUSINESS COMMUNITY THAT
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IS INTERESTED IN DEVELOPING BUSINESS RELATIONSHIPS
WITH THE GDR.

3. THE US GOVERNMENT IS CURRENTLY BARRING
PROLONGED STAYS IN THE USBY TECHNICAL SERVICE
PERSONNEL. THE DEPARTMENT AND WE HAVE, IN ADDITION,
INFORMED AMTEL PRESIDENT OTTMAR, THE EAST GERMANS'

CHOICE TO HEAD AN AMERICAN WING OF A US/GDR BUSINESS COUNCIL, THAT RECENT GDR ACTIONS IN AND AROUND BERLIN ARE UNWELCOME. OTTMAR DID NOT SEEM MUCH MOVED BY OUR ARGUMENTS, BUT WITHOUT EXAGGERATING THE ROLE OR INFLUENCE OF THE GOVERNMENT, WE HAVE THE IMPRESSION THAT MANY OF THE BANKERS AND BUSINESSMEN WHO CALL ON US FOR OUR ASSESSMENT OF THE CURRENT SITUATION LISTEN WITH SOME CARE FOR HINTS OF EITHER OFFICIAL APPROVAL OR DISAPPROVAL OF WHAT THEY ARE DOING WITH THE GDR.

4. THE QUESTION OF INFLUENCING THE BEHAVIOR OF COMMUNIST COUNTRIES BY ECONOMIC MEANS IS A COMPLEX ONE WHICH HAS BEEN THE SUBJECT OF MUCH ATTENTION IN WASHINGTON, AND WHICH WE HAVE NO WISH TO TAKE UP HERE. IN CONSIDERING, HOWEVER, THE IMPACT OF THE DEPARTMENT'S CURRENT STANCE ON US/GDR ECONOMIC QUESTIONS, WE BELIEVE THE FOLLOWING SHOULD BE TAKEN INTO ACCOUNT:

IN ECONOMIC TERMS THE GDR HAS, BY AND LARGE, ENJOYED REASONABLE SUCCESS IN OBTAINING WHAT IT SOUGHT THAT IS SUBJECT TO THE CONTROL OR INFLUENCE OF THE EXECUTIVE BRANCH: CONSULTATIONS ON GRAIN, A FISHERIES AGREEMENT, ACCESS TO US EURODOLLAR FINANCING, AND A FAIRLY LARGE US LEIPZIG FAIR PRESENCE. THE EAST GERMANS UNDERSTAND MFN AND EXIM/CCC CREDIT LIE OUTSIDE THE EXECUTIVE'S POWER TO GRANT; AND EAST GERMAN REFERENCES TO THIS SUBJECT IN RECENT

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CONVERSATIONS HAVE BEEN RELATIVELY PERFUNCTORY. SYMBOLS ARE IMPORTANT TO THE GDR, AND WE HAVE CONSISTENTLY WITHHELD THEM: COOPERATION AGREEMENTS, HIGH-LEVEL VISITS, ETC., AND AS NOTED ABOVE, WE HAVE DECLINED TO PERMIT THE ESTABLISHMENT OF A GDR COMMERCIAL PRESENCE IN THE US. THERE ARE TWO POINTS THAT CAN BE MADE IN RESPECT TO THIS POLICY. FIRST, IT OBVIOUSLY REDUCES THE INTEREST OF THE GDR IN COOPERATING WITH U.S. - SPONSORED TRADE PROMOTION EFFORTS. SECOND AND IMPORTANT, THESE SYMBOLS ARE NOT OF CRUCIAL ECONOMIC IMPORTANCE TO THE GDR, AND WE SHOULD NOT CONFUSE IN OUR OWN MINDS THESE GESTURES WITH A POLICY OF APPLYING ACTUAL SANCTIONS.

5. MINDFUL, THEREFORE, ON THE ONE HAND THAT THE GDR SHOULD NOT BE ALLOWED TO THINK ITS BEHAVIOR ON BERLIN MATTERS IS WITHOUT IMPLICATIONS FOR US/GDR RELATIONS, BUT AT THE SAME TIME NOT WISHING TO JEOPARDIZE

THE BUSINESS CONTACTS THAT HAVE BEEN DEVELOPED SO FAR, WE PROPOSE TO MAKE THE FOLLOWING POINTS -- IF ASKED -- IN CONTACTS WITH US BUSINESSMEN AND, AS APPROPRIATE, WITH GDR TRADE OFFICIALS:

- RECENT GDR ACTIONS IN AN EFFORT TO UNILATERALLY CHANGE THE FOUR-POWER STATUS OF BERLIN IMPINGE ON IMPORTANT U.S. INTERESTS. THESE GDR ACTIONS CANNOT BUT WORSEN US/GDR BILATERAL RELATIONS, CREATING AN ATMOSPHERE IN WHICH THE USG FINDS IT DIFFICULT TO TAKE STEPS TO BROADEN THE RELATINSHIP BETWEEN OUR GOVERNMENTS.

- WHILE IT HAS BEEN US POLICY TO SUPPORT THE DEVELOPMENT OF BUSINESS RELATIONS OF US BANKS AND FIRMS WITH EAST GERMAN INSTITUTIONS, WE ARE NOT IN A POSITION AT PRESENT TO ENCOURAGE AMERICAN

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BUSINESS TO DEVELOP SUCH RELATIONS. AT THE SAME TIME, IT IS UP TO AMERICAN BUSINESS TO DECIDE WHEN AND HOW BEST TO PURSUE ITS INTERESTS.

6. DEPARTMENT'S COMMENTS WOULD BE APPRECIATED. POLANSKY

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